

99

CLASSIFICATION RESTRICTED  
CENTRAL INTELLIGENCE AGENCY  
INFORMATION FROM  
FOREIGN DOCUMENTS OR RADIO BROADCASTS

REPORT

CD NO.

STAT

COUNTRY Yugoslavia

SUBJECT Economic - Organization, associations of enterprises

HOW PUBLISHED Monthly periodical

WHERE PUBLISHED Belgrade

DATE PUBLISHED [Apr - May] 1951

LANGUAGE Serbo-Croatian

DATE OF INFORMATION 1951

DATE DIST. 22 Apr 1952

NO. OF PAGES 6

SUPPLEMENT TO REPORT NO.

THIS DOCUMENT CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF ESPIONAGE ACT 50 U. S. C. 31 AND 32, AS AMENDED. ITS TRANSMISSION OR THE REVELATION OF ITS CONTENTS IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW. REPRODUCTION OF THIS FORM IS PROHIBITED.

THIS IS UNEVALUATED INFORMATION

SOURCE Narodna Drzava, Vol V, No 4-5, 1951.

INTERNAL ORGANIZATION OF YUGOSLAV ECONOMIC ASSOCIATIONS

Engr Kresimer Brant

At present, an association of republic industrial enterprises usually includes a number of highly specialized lines of production. For example, the Directorate for Textile Enterprises includes wool, cotton, linen, hemp, and silk production, in addition to knitted goods and ready-made clothing; the Directorate for the Wood Industry includes forest exploitation, sawmills, chemical processing of wood, and miscellaneous finished products, and the Directorate for the Food Industry includes sugar refineries, oil-pressing plants, the distilling industry, fruit processing, meat processing, dairy products, tobacco, etc. Such heterogeneity may prove a disadvantage in the administration of economic associations when their development has reached a certain level.

The problem of managing industrial enterprises is a technical and economic one. A knowledge of the economic side of the problem is necessary for proper management of production, but economically sound decisions cannot be made without knowledge of the technical and technological problems involved in production. Although the problems connected with managing an association of enterprises tend to be economic to a greater extent than those connected with managing individual enterprises, if the management of associations of enterprises by producers is to be real and not nominal, members of their workers' councils and administrative councils must know the technical and economic problems of special production lines which often differ widely from each other. Much the same problems confront workers' councils and administrative councils in combines. Definite regulations therefore authorize individual plants in a combine to have their own workers' councils and administrative councils, parallel to similar councils for the enterprise as a whole. Councils of combines have the same role as councils of economic associations, the only difference being that they operate in a single enterprise in the former case, and in a group of independent enterprises in the latter case. Individual plants in a combine are much more closely connected with each other than are the enterprises in an economic association, for the latter ordinarily are widely separated geographically and

## CLASSIFICATION RESTRICTED

STATE	<input checked="" type="checkbox"/> NAVY	<input checked="" type="checkbox"/> NSRB	DISTRIBUTION							
ARMY	<input checked="" type="checkbox"/> AIR	<input checked="" type="checkbox"/> FBI								

RESTRICTED

STAT

frequently are engaged in very dissimilar kinds of work. Since plants belonging to a combine are located near each other, they have many problems in common; hence, after completing his apprenticeship in part of a combine, a worker usually knows at least the basic problems of its specialized production and therefore does not find actual participation in its management unduly difficult, insofar as technical problems are concerned.

But how is specialization in production to be made to fit in with forms of management in economic associations? Economic associations should be more and more specialized, so entirely different kinds of specialized production lines are not grouped under the same administration. This has already been done in Croatia, where enterprises producing leather and footwear have been separated from those producing textiles and two associations formed instead of one as formerly. The same principle could be applied to all other enterprises so that enterprises included in each of them would be less diversified.

Local industrial enterprises actually are not organized into associations, because enterprises doing the same or similar work are very seldom located in the same local area. Associations of local industrial enterprises could therefore only be organized on a territorial basis, which would mean including very heterogeneous enterprises and would entail the administrative difficulties mentioned above. However, since the technical and economic problems of local industrial enterprises are similar to those of republic enterprises, under certain conditions, republic associations of enterprises might include the more important local production enterprises of an industrial nature. This would not necessarily change the present relationship between local industrial enterprises and local government agencies; special protection for the interests of the local industries could be guaranteed by issuing regulations subject to the approval of the people's council or higher state agency against any aspects which might be disadvantageous to local enterprises. The purpose of such associations would be proper coordination of activities between republic and local enterprises through assignment of planned quotas, the inclusion of all of a special production line in an economic analysis, the unification of important commercial services, and the unification of services furnishing advice to enterprises on technical and organizational matters.

The grouping of all local enterprises into an association would not be justified. It would be necessary to take into consideration the size of each enterprise individually, its possibilities for development, its raw material and marketing area, and its location in relation to the headquarters of the association. Enterprises which would not join an association would be artisans' shops, which would associate on the basis of their craft, or would apply to associations for technical assistance only when they could not get it any other way.

The headquarters of an association of industrial enterprises does not have to be the capital of the republic. The location should be determined by a careful consideration of all the important factors. If an industry is located entirely or mostly in one area, and if it does not seem probable that it will be extended to other areas in the near future, the only arguments for having the headquarters outside the center of this industrial area would be purely theoretical.

An economic association is not only an association of independent enterprises; it is at the same time a part of the state organization. The basic function of the state in the national economy is the planning of that economy, and it does not matter much whether this planning handles all the details of production or is restricted to planning basic proportions. In both cases a

- 2 -

RESTRICTED

RESTRICTED

STAT

precise knowledge of enterprises and maintenance of close contact with them is necessary. However, even with a very highly organized administrative machine, it would still be impossible to have enterprises linked directly with the highest planning authority. Therefore, planning should be performed by the economic association as an agency of both the enterprise and the state. Along with the planning goes the work of fulfilling and insuring the fulfillment of the plan.

Economic analysis is a function divided between enterprises and economic association. An enterprise must analyze its work constantly, while an economic association must analyze the work of an entire production branch, or a group of enterprises in a particular branch. Economic associations assemble data and interpret it, determine variations in quotas, organize the exchange of production indexes between branches and groups of enterprises engaged in the same kind of production in Yugoslavia, and collect industrial production figures from foreign countries. Since highly qualified personnel are not needed constantly in every industrial enterprise, it is more efficient to have technical advisers, work organizers, and accounting instructors make the rounds of a number of related enterprises. Some enterprises may require the full-time services of a work organizer, but in many cases it will be sufficient to appoint one person as an adviser to several enterprises. Another advantage is that this secures uniform operations in related enterprises, uniform procedures in obtaining production indexes, and uniform printed forms. This does not necessarily mean that technical and economic advisers must be exclusively in economic associations. They may be in any institute, service enterprise, cooperative, or free profession and do technical and economic advisory work on a contract basis, making themselves available to both republic and local enterprises. The problem of legal representation is the same in principle. Much of the work connected with sales and purchases can very profitably be combined for a group of enterprises and centralized in an economic association, not as something imposed from above but on a voluntary basis. A record of surpluses and shortages of materials can be kept centrally so that this information can be made available very quickly.

The real nucleus of the economic association is the planning and analysis group, whose work includes all aspects of planning and comprehensive economic analysis. Planning and analysis at the level of the economic association requires expert economists. They should know how to perform the duties of planning and accounting; they should have a good knowledge of financial operations and of organization of work operations, and should have sufficient economic background to make correct diagnoses and prognoses. Employees charged with selling and purchasing, organizers of work operations and accounting, planners, and analysts must be well acquainted with the technological processes and know its needs and possibilities.

To organize economic analysis properly, full use must be made of the valuable experience acquired by present directorates (and former ministries of industry). Whereas the production plan in directorate was formerly kept separate from the capital construction plan and both of them were kept separate from the financial plan and accounting, profitable operation requires a change in the principle of division of work. The division must be based on the principle of grouping enterprises on the basis of their relationship to each other, and having planning and analysis centralized in one work unit. Instead of having separate subdivisions in a planning section for a number of enterprises engaged in diversified production, with one subdivision working on the production plan, another on the capital construction plan, another on the financial plan, and still another on the accounting, there should be a small group performing all these functions for a number of enterprises engaged in related kinds of work.

- 3 -

RESTRICTED

RESTRICTED

STAT

Planning and analysis is not mere desk work. Close contact with actual enterprises is a necessity and analysts must therefore visit enterprises from time to time. Properly conducted economic analysis will give direction to economic associations, for it will show where the weak and strong points are, and what should be given priority.

Various forms of advisory work are needed in economic associations. These include advising the manager of the economic association on specialized problems, and advising the enterprises. Accordingly, a group consisting of several engineer-technicians, economics instructors, and a legal adviser may be attached to the association, depending on whether this advisory work can also be done from outside the association on a contract basis. During the transition stage, until economic personnel in associations become fully able to cope with technological problems, it may be better to have technical personnel in the associations and have them work with the planning and analysis service there.

The general duties section should be small. Its operation should be simple, like the administration of an enterprise. All the general administrative work should be concentrated in the manager himself, and other positions should be occupied by technical personnel.

Institutes, laboratories, central maintenance shops, services, enterprises furnishing technical and economic advice, agencies concerned with the distribution of printed forms, etc., may be connected with economic associations.

A typical table of organization for an economic association in industry would be as follows:

#### WORKERS' COUNCIL

Administrative Council

Main Director

#### Planning and Analysis Group

Planner-economist for enterprises in category I  
 Planner-statistician  
 Planner-economist for enterprises in category II  
 Planner-statistician  
 A planner-economist and planner-statistician for each of other categories  
 Planner-statistician for the over-all plan and statistics  
 Stenographer for the group

#### Economic Advisory Group

Economic adviser for enterprises in category I  
 Economic adviser for enterprises in category II  
 An economic adviser for each of other categories  
 Stenographer for the group

#### Commercial Group

Export-import service  
 Domestic market service  
 Mediation group  
 Stenographer for the group

- 4 -

RESTRICTED

RESTRICTED

STAT

Technical Advisory Group

Technical adviser for enterprises in category I  
 Technical adviser for enterprises in category II  
 Technical adviser for each of other categories  
 Assembly engineer  
 Construction engineer  
 Power engineer  
 Stenographer for the group

Legal Adviser

Legal representative

General Duties Group

Personnel section  
 Bookkeeping section  
 Supply and pay office  
 Stenographer  
 Mail section  
 Technical personnel  
 Auxiliary personnel

A directorate with 20 enterprises organized in three categories, each consisting of enterprises engaged in similar work, would need personnel of approximately 35, divided as follows: main director 1, planning and analysis group 8, technical advisory group 7, economic advisory group 4, legal adviser 1, commercial group 8, and general duties group 6.

The transition period would have to be taken into account and the number of positions determined for each stage of this period. Allowance would have to be made, too, for the time required for turning duties over to new personnel and familiarizing them with the work.

The aim of socialist development is a high standard of living for workers and the satisfaction of consumers' needs. Although the striving for higher production serves the consumers' interests and although every producer is at the same time a consumer, this does not constitute a sufficient guarantee that (within the existing limits of plant capacity and supplies) goods produced will satisfy consumers either qualitatively or quantitatively. The problem is relatively simple when many enterprises are engaged in the same kind of production and are competitors on the market. However, who represents the consumers' interests in this situation in the very frequent cases in a small country, where only one plant produces certain finished products for mass consumption? Therefore, the state's role in the economy includes the important duty of consumer protection, which may be done through scientific research establishments, commercial services, and a people's inspection office. The scientific research establishments can make a great contribution to satisfaction of the consumers' needs by studying specialized technical literature, visiting exhibitions abroad, carrying on creative technical work of their own, and setting up standards. Commercial services in the field of trade can help protect the consumers' interests through trade agreements, by rejecting poor-quality goods, and by making suggestions to processing enterprises. Commercial services in economic associations can provide much protection for consumers by watching the assortment, quality, and quantity of goods on the market, collecting consumers' opinions on various products, studying the consumers' needs, collecting information on consumers' supply abroad, and providing incentives for adaptation of existing or institution of new production, for improved packaging of products,

- 5 -

RESTRICTED

RESTRICTED

STAT

and for giving some articles priority over others. The people's inspection office provides for the protection of consumers through professional market inspectors attached to the people's councils or through agents who perform these functions as representatives of mass organizations. The supervision exercised by these persons consists of comparing goods on the market with standard goods, and initiating legal action in cases where prescribed standards are not met.

- E N D -

- 6 -

RESTRICTED